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09/896,061	06/29/2001	David J. Schmitz	11927/90	9465
757 7590 09/22/2009 BRINKS HOFER GILSON & LIONE P.O. BOX 10395 CHICAGO, IL 60610			EXAMINER POINVIL, FRANTZY	
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1 UNITED STATES PATENT AND TRADEMARK OFFICE

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4 BEFORE THE BOARD OF PATENT APPEALS
5 AND INTERFERENCES
6

7
8 *Ex parte* DAVID J. SCHMITZ,
9 EILEEN SMITH,
10 and
11 ANTHONY MONTESANO
12

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14 Appeal 2009-003978
15 Application 09/896,061
16 Technology Center 3600
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19 Decided: September 22, 2009
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23 *Before:* MURRIEL E. CRAWFORD, HUBERT C. LORIN, and ANTON
24 W. FETTING, *Administrative Patent Judges.*

25
26 CRAWFORD, *Administrative Patent Judge.*
27

28
29 DECISION ON APPEAL

1 STATEMENT OF THE CASE

2 Appellants appeal under 35 U.S.C. § 134 (2002) from a final rejection
3 of claims 1, 3 and 6 to 23. We have jurisdiction under 35 U.S.C. § 6(b)
4 (2002).

5 Appellants invented an automated trading method including the step
6 of automatically routing a first remaining portion of an electronic order to a
7 firm participation subsystem which assigns a percentage of the contra-side
8 of the order to the participant that sent the order (Spec. 1, 8, and 10).

9 Claim 1 under appeal reads as follows:

10 1. A method of trading products over an
11 automated execution system, comprising:
12 receiving an electronic order for a product
13 submitted by a participant into the automated
14 execution system, the automated execution system
15 having a book process subsystem, a firm
16 participation subsystem and a market maker
17 subsystem;
18 automatically executing an initial
19 portion of the electronic order against a stored
20 order in the book process subsystem;
21 automatically routing a first remaining
22 portion of the electronic order to the firm
23 participation subsystem, wherein a percentage of
24 the first remaining portion of the electronic order is
25 assigned by the automated execution system and
26 executed against the participant; and
27 automatically routing a second
28 remaining portion of the electronic order, if any, to
29 the market maker subsystem, wherein the second
30 remaining portion of the electronic order is
31 executed against another participant.

32 The prior art relied upon by the Examiner in rejecting the claims on
33 appeal is:

1 Lupien US 5,101,353 Mar. 31, 1992

2 The Examiner rejected claims 1, 3, and 6 to 23 under 35 U.S.C.
3 § 103(a) as being unpatentable over Lupien.

4

5 ISSUE

6 Have Appellants shown that the Examiner erred in rejecting the
7 claims because Lupien does not disclose or suggest automatically routing a
8 first remaining portion of the electronic order to the firm participation
9 subsystem?

10

11 FINDINGS OF FACT

12 Appellants disclose an automatic trading system that routes an
13 electronic order from a participant to an order routing system 108 (Fig. 1).
14 The participant places the electronic order on behalf of a customer (Spec. 3).
15 The order routing system 108 routes the order to an automatic execution
16 system which includes a book process subsystem 116, a firm participation
17 subsystem 120 and a market maker subsystem 124 (Spec. 8, Fig. 1).
18 Electronic orders are received at the book process subsystem 116 and the
19 order is executed when the book contains a resting order which matches the
20 electronic order (Spec. 9). Any remaining portion of the electronic order is
21 automatically routed to the firm participation subsystem 120 which
22 determines if the participant is entitled to participate in the order and if so a
23 predetermined percentage of the electronic order is executed in the firm
24 participation subsystem. If a second portion of the electronic order remains

1 after the execution of the firm participation subsystem portion is executed,
2 that second remaining portion is routed to and executed by the market maker
3 subsystem (Spec. 9).

4 Lupien discloses a method and system for trading products (Abstr.).
5 The method includes routing an electronic order for a product submitted by a
6 participant into an automated execution system (col. 12, ll. 53 to 66. The
7 user places an order to buy or sell a security at a certain price or better and
8 the controller CPU 10 stores and maintains a book of the orders (col. 12, ll.
9 58 to 64). The Lupien system matches buy and sell orders (col. 13, ll. 25 to
10 27). Lupien discloses that partial order matches or partial executions cause
11 the contra side order to split into an order of the correct size and an order
12 holding the remaining size (col. 14, ll. 32 to 35).

13 Lupien does not disclose a firm participation subsystem that
14 determines if the participant is participating and if so automatically allocates
15 a predetermined percentage of the contra-side of the order to the firm
16 participant.

17

18 PRINCIPLES OF LAW

19 In rejecting claims under 35 U.S.C. § 103, it is incumbent upon the
20 Examiner to establish a factual basis to support the legal conclusion of
21 obviousness. *See In re Fine*, 837 F.2d 1071, 1073 (Fed. Cir. 1988). In so
22 doing, the Examiner must make the factual determinations set forth in
23 *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966). Furthermore,
24 “[‘]there must be some articulated reasoning with some rational
25 underpinning to support the legal conclusion of obviousness’.... [H]owever,
26 the analysis need not seek out precise teachings directed to the specific

1 subject matter of the challenged claim, for a court can take account of the
2 inferences and creative steps that a person of ordinary skill in the art would
3 employ.” *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 418 (2007) (quoting
4 *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006)).

5
6 ANALYSIS

7 We will not sustain the rejection of the Examiner. The Examiner
8 admits that Lupien does not disclose routing an electronic order first to an
9 electronic book then a first remaining portion to a firm participation
10 subsystem and then a second remaining portion to a market maker
11 subsystem (Ans. 3 to 4). The Examiner considers this portion of the claim to
12 be an agreement left between the participant and client within a trading firm
13 or company and states that such agreement would have been possible as long
14 as all the entities agree to it (Ans. 4). In the Examiner’s view Lupien
15 contains all the structural elements to perform the claimed invention and
16 therefore the claimed invention is obvious in view of Lupien.

17 Claims 1, 10, 17, and claims 3, 6 to 9, 11 to 16, and 18 to 20
18 dependent thereon are method claims. As such, the Examiner must establish
19 a factual basis for concluding that the *steps* recited in the claims would have
20 been obvious in view of Lupien. This the Examiner has not done. In this
21 regard, the Examiner’s conclusion that the steps would have been possible
22 and that the structural elements are present does not establish that a person
23 of ordinary skill in the art would have found the recited steps predictable or
24 obvious.

25 In regard to claim 21 and claims 22 and 23 dependent thereon, which
26 are system claims, we do not agree with the Examiner that the firm

1 participation subsystem recited in claim 21 is an agreement left to the
2 participant and client. The firm participation subsystem is a structure that
3 performs the function of automatically determining if the participant is
4 participating in the electronic order and if so automatically allocates a
5 predetermined percentage of a remaining portion of the order to the first
6 participant. The Examiner has not established that Lupien teaches such
7 allocation or that Lupien includes the structure that can achieve the
8 allocation.

9 In view of the foregoing, we will not sustain the Examiner's rejection.

10

11 CONCLUSION OF LAW

12 On the record before us, Appellants have shown that the Examiner
13 erred in rejecting the claims.

14

15 DECISION

16 The decision of the Examiner is reversed.

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18 REVERSED

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